



Los Angeles
World Airports

RESOLUTION NO. 26417

LAX

Van Nuys

City of Los Angeles

Eric Garcetti
Mayor

**Board of Airport
Commissioners**

Sean O. Burton
President

Valeria C. Velasco
Vice President

Jeffery J. Daar
Gabriel L. Eshaghian
Beatrice C. Hsu
Thomas S. Sayles
Dr. Cynthia A. Telles

Deborah Flint
Chief Executive Officer

BE IT RESOLVED that the Board of Airport Commissioners approved an Airport Agreement with the United States Soccer Federation, Inc. who is representing the Membership Association coordinating the bid with the Federation Internationale de Football Association (FIFA) to host the 2026 FIFA World Cup, as referenced in the Board-adopted staff report attached hereto and made part hereof; and

BE IT FURTHER RESOLVED that the Board of Airport Commissioners authorized Chief Executive Officer to execute said Airport Agreement; and

BE IT FURTHER RESOLVED that this action is except from the City of Los Angeles competitive process as provided in Charter Section 371(e)(10); and

BE IT FURTHER RESOLVED that the issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III Class 1(18)(c) of the Los Angeles City CEQA Guidelines 15123 – Normal Operations of Facilities for Public Gatherings; and

BE IT FURTHER RESOLVED that actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373.

o0o

I hereby certify that this Resolution No. 26417 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, February 1, 2018.

Sandra J. Miller – Secretary
BOARD OF AIRPORT COMMISSIONERS





Los Angeles World Airports

Item Number
ere

REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

Approved by: Justin Erbacci – Deputy Executive Director

Samson Mengistu
Reviewed by: Samson Mengistu - Chief Operating Officer

[Signature]
City Attorney

[Signature]
Deborah Flint – Chief Executive Officer

Meeting Date:

2/1/2018

CAO Review:

☐ Completed
☒ Pending
☐ N/A

Reviewed for	Date	Approval Status	By
Finance	1/29/18	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RY
CEQA	1/30/18	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	1/30/18	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT
Guest Experience		<input type="checkbox"/> Y <input type="checkbox"/> N	
Strategic Planning	1/30/18	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	KV

SUBJECT: Authorize Los Angeles World Airport (LAWA) to execute an Airport Agreement between the UNITED STATES SOCCER FEDERATION, INC. (USSF) and LAWA

Authorize LAWA to execute an Airport Agreement with the USSF who is representing the Membership Association coordinating the bid with the Federation Internationale de Football Association (FIFA) to host the 2026 FIFA World Cup. The Airport Agreement contains a commitment by LAWA to perform certain obligations to the Membership Association and/or FIFA should the United States be chosen as a host country for the 2026 FIFA World Cup and Los Angeles chosen as a host city for FIFA World Cup games or events.

RECOMMENDATIONS:

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
3. DETERMINE that this action is except from the City of Los Angeles' competitive process as provided in Charter Section 371(e) (10).
4. APPROVE the Airport Agreement with the USSF.

5. AUTHORIZE the Chief Executive Officer to execute the Airport Agreement.

DISCUSSION:

1. Purpose

This action seeks Board and City Council approval for the Chief Executive Officer to execute an Airport Agreement with the USSF who is representing the Membership Association coordinating the bid with FIFA to host the 2026 FIFA World Cup. The Airport Agreement would provide a commitment by LAWA to perform certain obligations to the Membership Association and/or FIFA should the United States be chosen as a host country for the 2026 World Cup and Los Angeles chosen as a host city for World Cup games or events.

FIFA has requested the Airport Agreement be provided by all airports of potential host cities as part of the host country's bid. Failure to provide FIFA with an executed Airport Agreement could result in the host country's bid not being selected or fully considered, or the host city not being selected as an event venue if its host country is selected to host the 2026 FIFA World Cup.

2. Prior Related Actions

- The United States was the host country for the 1994 FIFA World Cup and Los Angeles was a host city where several games and events were held, including the final game. The 1994 World Cup yielded many significant benefits for Los Angeles and delivered a total profit of \$620m to Los Angeles just for the final game, which was \$440m more than the Super Bowl yielded the same year. Overall, profits from the 1994 World Cup were estimated at approximately \$1.45bn against total costs of \$5.6bn.
- The 1994 World Cup yielded several other benefits to the Los Angeles area including:
 - Increased activity at LAX during the events
 - Increased tourism for Los Angeles beyond the World Cup
 - An enhanced image for Los Angeles
 - Job creation
 - A significant boost for the sport of soccer in the United States

3. Current Action

Background

The FIFA World Cup is the most prestigious soccer tournament in the world, as well as the most widely viewed and followed sporting event in the world, exceeding even the Olympic Games. The 2014 World Cup had total home viewership of 3.2 billion, with the final being viewed by more than one billion.

The 2026 FIFA World Cup will involve 48 teams, expanded from the current format of 32 teams, from all over the globe who will qualify for the tournament. The tournament itself will last approximately 1 1/2 months, but activities leading up to and following the FIFA World Cup will last approximately seven months.

In May 2017, FIFA voted to fast-track the 2026 FIFA World Cup bid process to find a host country and set the following deadlines:

- August 2017: countries interested in bidding have to express interest. There have been two official bids submitted. The first is a unified bid by three countries: United States, Canada and Mexico. The second is a bid by the nation of Morocco
- 16 March 2018: bidders must meet a list of FIFA's technical specifications, and bids must be officially submitted
- 13 June 2018: FIFA will decide on whether to select one of the official bids, or invite bids from other member associations

The joint bid by the United States, Canada and Mexico is branded as United2026 and is being coordinated by the United Bid Committee (UBC). In September 2017, the UBC announced a list of 32 potential cities (35 venues) to be included in the bid. Los Angeles is one of those cities and has three potential venues: Memorial Coliseum, the Rose Bowl and the new LA Stadium at Hollywood Park. It is anticipated the UBC ultimately will include 15 to 18 venues across the three countries as part of the bid.

If United2026 is chosen by FIFA to host the 2026 FIFA World Cup, the United States would host 60 of the 80 matches, while Canada and Mexico would host 10 matches each. All matches from the quarterfinals forward, including the final game, will take place in the United States. Cities not selected to host matches still may be involved with the 2026 FIFA World Cup in other ways, including as the location for the media's base operations, team base camps, or other major events such as the preliminary or final draw.

Los Angeles has expressed an interest to the UBC to be considered as a host city for games as well as for the media's base operations. It is highly unlikely that the United States could be selected as a host nation and Los Angeles not chosen to host some major games and perhaps other activities.

The Los Angeles submission to the UBC to be host city is being coordinated by the LA Tourism and Convention Board (LATCB)

Airport Agreement

LAWA recently was presented by the LATCB with an Airport Agreement that FIFA has requested that all potential host city airports execute and which must be submitted as part of any bid. The Airport Agreement is a template, one size fits all, agreement that FIFA requires be submitted by any airport from any country in the world that bids for the 2026 FIFA World Cup. FIFA and the UBC have indicated that they will not negotiate any further changes to the Airport Agreement, despite multiple questions and concerns that have been identified by United States airports.

In order for the City to field a complete bid, LAWA would need to submit the executed Airport Agreement by January 31 (or as soon thereafter as possible) to the UBC through LATCB, and then the UBC can include it as part of United2026's bid to FIFA by the March 16, 2018 deadline. Failure to provide an executed Airport Agreement could result in Los Angeles not being chosen as a host city. Or if enough or key airports fail to submit executed Airport Agreements as part of the United2026 bid, FIFA could decide not to select United2026 as the host for 2026 FIFA World Cup.

The Airport Agreement requires airports to perform certain obligations, provide space and undertake other activities if the United States is chosen as a host country by FIFA. The Airport Agreement will be unilaterally executed by the airport and it will only be countersigned if the UBC's bid is chosen to host the 2026 FIFA World Cup. The Airport Agreement will be executed with the USSF who represents the United States at United2026. The obligations of the airport are with the USSF ¹, but FIFA is a third party beneficiary of the agreement and thus can enforce any part of it.

The Airport Agreement is one sided and requires the airport to meet such obligations as providing:

- Facilities for things such as welcome desk, common rooms, ticket collection points, main office, etc.
- Retail facilities for FIFA to set up its own concessions
- Fast lane procedures for FIFA staff and select VIPs
- Transport operations
- Loading Zones
- Parking Facilities
- Staging Areas
- Access and Security
- Team Services
- Signage and Outdoor Media

The Airport Agreement also requires the airport to adapt its operational processes to meet FIFA requirements. FIFA also has the right to modify the specifications and obligations in the agreement, but must work in good faith to discuss and agree on potential solutions on how to reasonably minimize any substantial adverse effect on the airport of any such modifications.

LAWA acknowledges it will be a challenge physically and legally to meet several of the obligations per the exact terms specified in the agreement due to space constraints at the airport, legal constraints and relinquishment of some control, existing agreements with certain concessioners and other third parties, and due to the fact that LAWA requires the cooperation of third parties who are not part of the agreement (e.g., CBP and TSA) to meet certain obligations.

However, LAWA believes that it would be able to negotiate acceptable terms with FIFA on these obligations given the constraints presented. There also is a clause that was negotiated by the UBC with FIFA that limits the liability and relieves the airport from performance if the airport would be required to:

- a) fulfil an obligation which would violate, or be in conflict with, any applicable international, supra-national, national, state, local, or municipal laws, regulations and decrees, including any federal statute or the Airport Authority's grant assurances;
- b) act beyond any of the competences vested with the Airport Authority or in a manner beyond its authorities; and/or
- c) act in conflict with any of the financing duties and/or budgeting limitations applicable to the Airport Authority.

Another clause also limits liability and relieves the airport from performance in the event that fulfillment by the airport of any of its obligations under the agreement would:

¹ The Agreement provides the USSF may assign its rights and liabilities to a third party without LAWA consent.

- lead to, or cause, a legal conflict for the airport, or
- lead to, or cause, a legal conflict with any of the financing duties and/or budgeting limitations applicable to the airport

There are other legal risks with the Airport Agreement including but not limited to:

- unlimited and one-way indemnification and hold harmless clauses² that could create liability that may not be covered by LAWA insurance
- application of Swiss law and binding arbitration in Switzerland
- scope of the Airport Agreement can change without LAWA's consent

Overall, LAWA believes that while it may not be able to meet some of the obligations set forth in the agreement in the exact way written, and while there are some less than favorable legal terms in the agreement that create certain risks, LAWA still should execute the Airport Agreement because the potential benefits to LAWA and the City of Los Angeles in hosting the 2026 FIFA World Cup would outweigh the risks presented, based on the following:

- LAWA believes it will be able to work with FIFA to develop a plan that will meet the intent and requirements of FIFA
- FIFA worked with the City of Los Angeles, LAWA and others in the region to hold one of the most successful FIFA World Cups ever in 1994, so it is highly unlikely that the City of Los Angeles and LAWA will not be able to work satisfactorily with FIFA for the 2026 FIFA World Cup
- The limited liability clauses in the agreement would insulate LAWA from obligations it could not meet due to:
 - o conflicting laws, regulations, policies
 - o financial limitations
 - o existing agreements with third parties
 - o physical inability to meet the obligations
- It is very unlikely that if Los Angeles were chosen as a host city or venue, that FIFA would bring an action against LAWA for failure to meet obligations under the agreement. To our knowledge, and per the attorneys for the UBC, FIFA has never sued a host city. Suing a host city would not be good for FIFA and it would deter countries from bidding for the World Cup in the future
- If FIFA chooses Los Angeles as a host city, it is most likely that FIFA will work with LAWA to meet its requirements in the best way that LAWA is able given its constraints. If this results in a situation where LAWA cannot meet the specific obligations set out in the Airport Agreement, the two parties will attempt and likely be able to negotiate an acceptable solution that will allow the FIFA World Cup to be successful
- LAWA will develop a "Prestigious Event" clause that will be added to all future, relevant agreements to ensure that LAWA will have the contractual right to take action necessary to meet the obligations in the Airport Agreement

How this action advances a specific strategic plan goal and objective

This action advances this strategic goal and objective: Enable the Economic Development of the Los Angeles Area. One the key reasons that the LAWA airports exist it to help enable the economic development of the Los Angeles area. Hosting the 2026 FIFA World Cup in Los Angeles will be a big economic boom for the area, so LAWA needs to do all that it can

² The Agreement would require LAWA to waive claims of liability for damage to the airport – even in the case of negligence.

to help with the bid to bring the 2026 FIFA World Cup to Los Angeles. LAWA not executing the Airport Agreement could hurt Los Angeles' chances to be a host city.

Procurement Process

The Airport Agreement is a requirement for LAWA to execute as part of the City of Los Angeles bid to host the 2026 FIFA World Cup. Therefore, no procurement process is implicated or necessary to execute the agreement. FIFA is the only entity offering the opportunity to host the 2026 FIFA World Cup.

Action Requested

Staff requests that the Board authorize the Chief Executive Officer to execute the Airport Agreement.

Fiscal Impact

Approval of this item will improve the Los Angeles and United2026's bid to host the 2026 FIFA World Cup in the United States and Los Angeles. If the United States and Los Angeles are selected as host, the region will experience a significant increase in visitors leading up to and during the games. As the largest airport in the region and a major gateway for international passengers, the majority of these visitors will arrive and depart the City and the United States through LAX. The incremental passengers attributed to the games are likely to increase LAX's concessions, parking, ground transportation, Passenger Facility Charge and Customer Facility Charge revenues. Such incremental revenues will benefit the airport's financial metrics and cash flows available to support LAX capital programs.

4. Alternatives Considered

- ***Take No Action***

Staff considered this option and does not recommend taking no action because:

- 1) It could damage United2026's bid to bring the 2026 FIFA World Cup to the United States.
- 2) It could damage the City Los Angeles' bid to host 2026 FIFA World Cup games and events.

APPROPRIATIONS:

None.

STANDARD PROVISIONS:

1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines 15123 – Normal Operations of Facilities for Public Gatherings.
2. This proposed document(s) is/are subject to approval as to form by the City Attorney.

3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373.
4. USSF will comply with the provisions of the Service Contractor Worker Retention and Living Wage Ordinances to the extent required under the Local/State/Federal laws.
5. USSF will comply with the provisions of the SBE/LBE/LSBE/DVBE Programs to the extent required under the Local/State/Federal laws.
6. USSF will comply with the provisions of the Affirmative Action Program to the extent required under the Local/State/Federal laws.
7. USSF will comply with the requirements to obtain a Business Tax Registration Certificate number to the extent required under the Local/State/Federal laws.
8. USSF will comply with the provisions of the Child Support Obligations Ordinance to the extent required under the Local/State/Federal laws.
9. USSF will comply with the insurance requirements of the City of Los Angeles to the extent required under the Local/State/Federal laws.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractor).
11. USSF will comply with the provisions of the Contractor Responsibility Ordinance to the extent required under the Local/State/Federal laws.
12. USSF will comply with the provisions of the Equal Benefits Ordinance to the extent required under the Local/State/Federal laws.
13. USSF will comply with the provisions of the First Source Hiring Program to the extent required under the Local/State/Federal laws.
14. USSF will comply with the provisions of the Bidder Contributions CEC Form 55 to the extent required under the Local/State/Federal laws.